

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 /102 W

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R 190522Z MAY 77

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 3231

INFO USMISSION OECD PARIS

UNCLAS WELLINGTON 1884

E.O. 11652: N/A

TAGS: ECON, EFIN, NZ

SUBJECT: GOVERNMENT DEFICIT IS CUT

1. THE LATEST FIGURES ON THE GOVERNMENT BUDGET FOR THE FISCAL YEAR ENDING MARCH 1977 PUT THE DEFICIT AT \$506 MILLION. THIS IS MUCH SMALLER THAN ORIGINALLY CALCULATED. FOR FY 1976 IT WAS \$1,002 MILLION.

2. GOVERNMENT SPENDING IN FY 1977 ROSE ONLY 2.7 PERCENT TO \$4,506 MILLION (VS AN AVERAGE OF 26 PERCENT INCREASE OVER THE PRECEDING THREE YEARS).

3. GOVERNMENT REVENUE ROSE 18.2 PERCENT TO \$4,000 MILLION.

INCOME TAXES CONTRIBUTED THE LION'S SHARE OF THIS (\$2,829 MILLION), UP 23.2 PERCENT OVER FY 1976. INDIRECT TAXES INCREASED 14.3 PERCENT TO \$1,016 MILLION.

4. COMMENT: THE INCREASE IN INCOME TAX RETURNS WAS BOTH PLEASING AND "DISTURBING" TO THE GOVERNMENT. THESE WERE MAINLY RESPONSIBLE FOR THE GREATER REDUCTION IN THE
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GOVERNMENT DEFICIT THAN ANTICIPATED. THIS REDUCTION IN THE DEFICIT HELPED TO REDUCE PRESSURE ON INFLATION. BUT THE LARGER INCOME TAX TAKE MEANT WAGES AND SALARIES HAD RISEN MORE THAN ANTICIPATED. THIS WAS DISTURBING, ACCORDING TO THE PRIME MINISTER. THE OPPOSITION ATTACKED THE GREAT INCREASE IN TOTAL INCOME TAXES AS PROOF OF THE DISREGARD OF THE NATIONAL GOVERNMENT FOR THE AVERAGE

WAGE EARNER WHO IS "LOSING OUT" IN THE PRICE-WAGE-INCOME
TAX SPIRAL. THE GROWING INCOME TAX TAKE LOOKS TO BE AN
ISSUE IN THE NEXT GENERAL ELECTIONS. THE OPPOSITION
HAS ANNOUNCED THAT IT WILL PRESENT A PLAN TO REDUCE THE
INCOME TAX BURDEN ON THE MIDDLE AND LOWER WAGE EARNER BEFORE
THE NEXT ELECTIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, DATA
Control Number: n/a
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770179-0833
Format: TEL
From: WELLINGTON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770538/aaaabgpk.tel
Line Count: 69
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Classification: n/a
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Reference: n/a
Retention: 0
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Review Content Flags:
Review Date: 25-Jan-2005 12:00:00 am
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2445349
Secure: OPEN
Status: NATIVE
Subject: GOVERNMENT DEFICIT IS CUT
TAGS: ECON, EFIN, NZ
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4ec5cc8f-c288-dd11-92da-001cc4696bcc
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